



BUSINESS CONJUNCTURE

NSI BUSINESS SURVEYS^{1, 2, 3}, APRIL 2014

In April 2014 **the total business climate indicator**⁴ increases by 1.7 percentage points compared to its level from the previous month (Annex, Figure 1) which is due to the improved business climate in industry, construction and retail trade.

Industry. The composite indicator “business climate in industry” increases by 1.4 percentage points in comparison with March (Annex, Figure 2) due to the more favourable industrial entrepreneurs’ expectations about the business situation of the enterprises over the next 6 months (Annex, Figure 3). According to them the present production activity is preserved, and in the expectations about the activity in the branch over the next months some optimism has been observed, but it is more moderate compared to the previous inquiry.

The average capacity utilization in April is by 1.3 percentage points below in January level and it reaches 69.5%. The enterprises report a surplus of capacity with regard to the expected demand over the next months (Annex, Figure 4).

The uncertain economic environment and insufficient domestic demand remain the main obstacles for the business development in the branch, pointed out respectively by 53.6% and 44.3% of the managers (Annex, Figure 5).

Concerning the selling prices in industry the inquiry reports certain expectations for an increase over the next 3 months.

Construction. In April the composite indicator “business climate in construction” increases by 6.8 percentage points (Annex, Figure 6) which is due to the optimistic construction entrepreneurs’ assessments and expectations about the business situation of the enterprises (Annex, Figure 7). In their opinion the present construction activity is improved, as their prognoses over the next 3 months remain favourable.

The production is assured with contracts for a longer time period in comparison with 3 months earlier - 5.2 months against 4.8 in January. At the same time the managers’ expectations concerning the new orders over the next 6 months are improved (Annex, Figure 8).

¹ In July 2010 the NSI has started publishing the business surveys data according to the new Classification of Economic Activities (NACE.BG 2008) (NACE Rev. 2). All of the time series have been recalculated according to the Classification and are comparable throughout time.

² Since May 2002 all business surveys have been co-financed by the NSI and the European Commission according to the agreement signed between these two institutions. NSI has undertaken to conduct the surveys according to the Harmonized EU Programme. Any notice or publication of NSI reflects the author’s view and the Commission is not liable for any use that may be made of the information contained therein.

³ The replies of questions from the inquiries are presented in a three-option ordinal scale of the following type: “up”, “unchanged”, “down” or “above normal”, “normal”, “below normal”. The balances of assessments are calculated as a difference of the relative shares of extreme variants of answers. **The Business climate indicator** is a geometric mean of balances of assessments of the present business situation and the expected business situation of enterprises in the next 6 months.

⁴ The total Business Climate Indicator is a weighted average of four branch business climate indicators in: industry, construction, retail trade and service sector. As the last indicator of the business climate in service sector has been included in the total time series since May 2002.



The main factors limiting the business development in the branch continue to be connected with the uncertain economic environment, financial problems and competition in the branch (Annex, Figure 9).

As regards the selling prices in the construction the majority of the managers expect them to remain unchanged over the next 3 months (Annex, Figure 10).

Retail trade. The composite indicator “business climate in retail trade” increases by 0.8 percentage points compared to the previous month (Annex, Figure 11) due to the improved retailers’ expectations about the business situation of the enterprises over the next 6 months. However their forecasts concerning the volume of sales and orders placed with suppliers over the next 3 months are more moderate.

The uncertain economic environment, insufficient demand and competition in the branch remain the main factors limiting the activity of the enterprises (Annex, Figure 12).

The retailers’ expectations about the selling prices in the branch are for preservation of their level over the next 3 months (Annex, Figure 13).

Service sector¹. In April the composite indicator “business climate in service sector” decreases by 1.8 percentage points (Annex, Figure 14) due to the more unfavourable managers’ assessments about the present business situation of the enterprises. However they remain optimistic in prognoses about the development of the business, as their expectations about the demand for services over the next 3 months continue to improve (Annex, Figure 15).

The main factor limiting the activity in the branch remains the uncertain economic environment followed by competition in the branch and insufficient demand (Annex, Figure 16).

Concerning the selling prices the prevailing managers’ expectations are them to remain unchanged over the next 3 months (Annex, Figure 17).

¹ Excl. trade.



Annex

Figure 1. Business climate - total

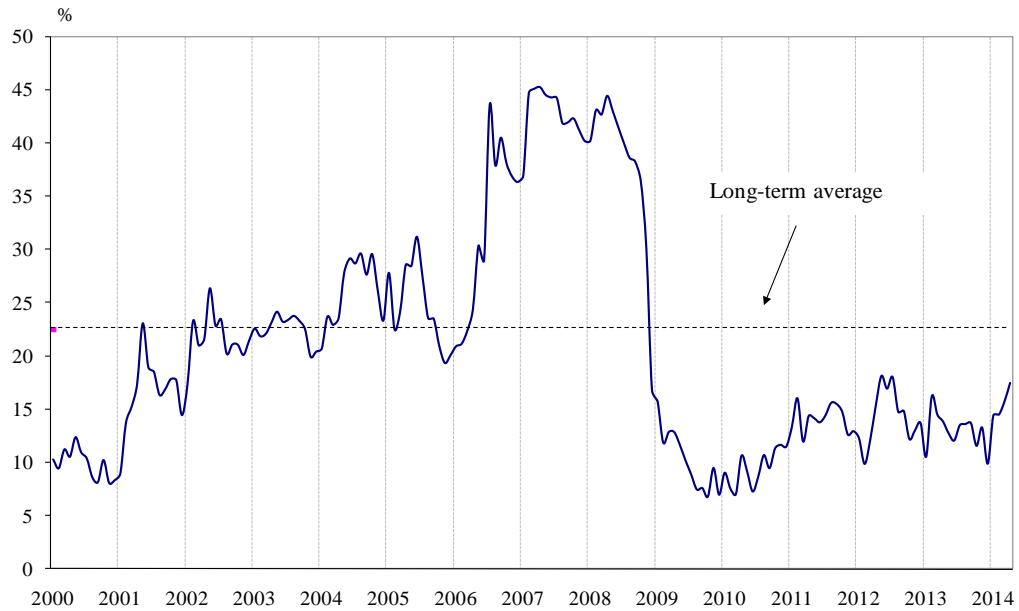


Figure 2. Business climate in industry

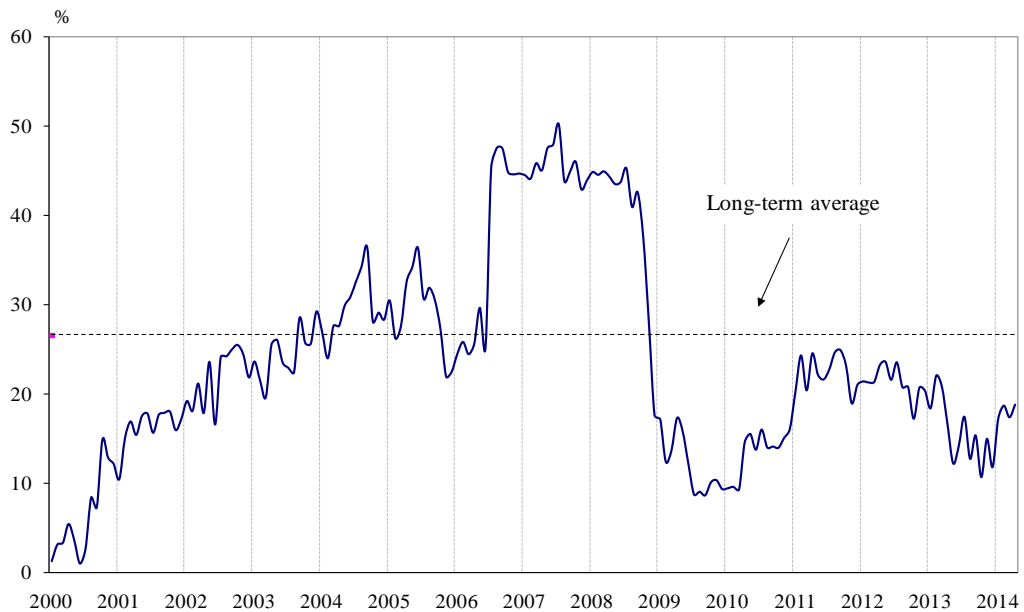




Figure 3. Expected business situation in industry over the next 6 months

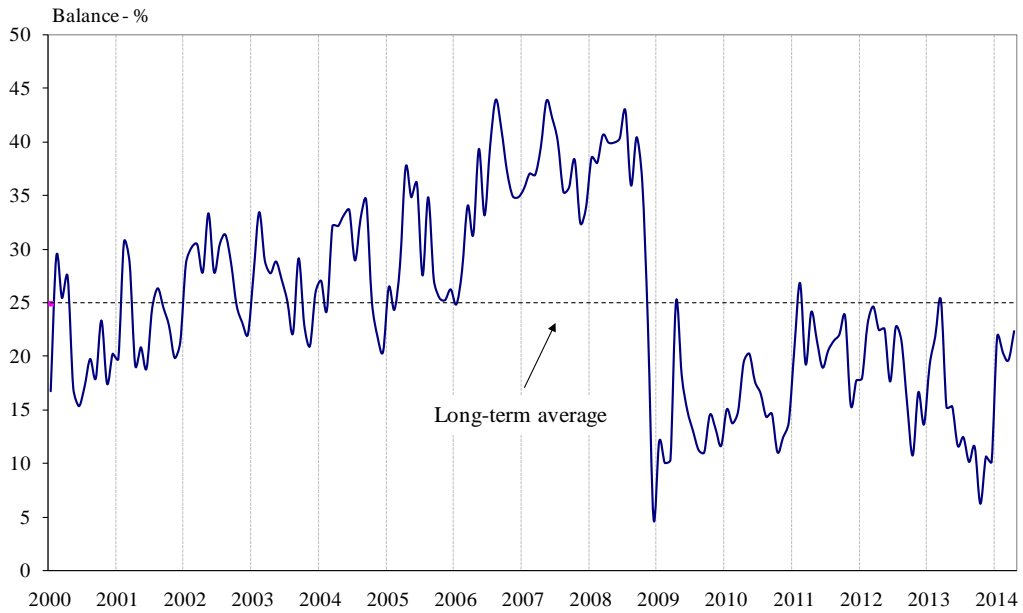
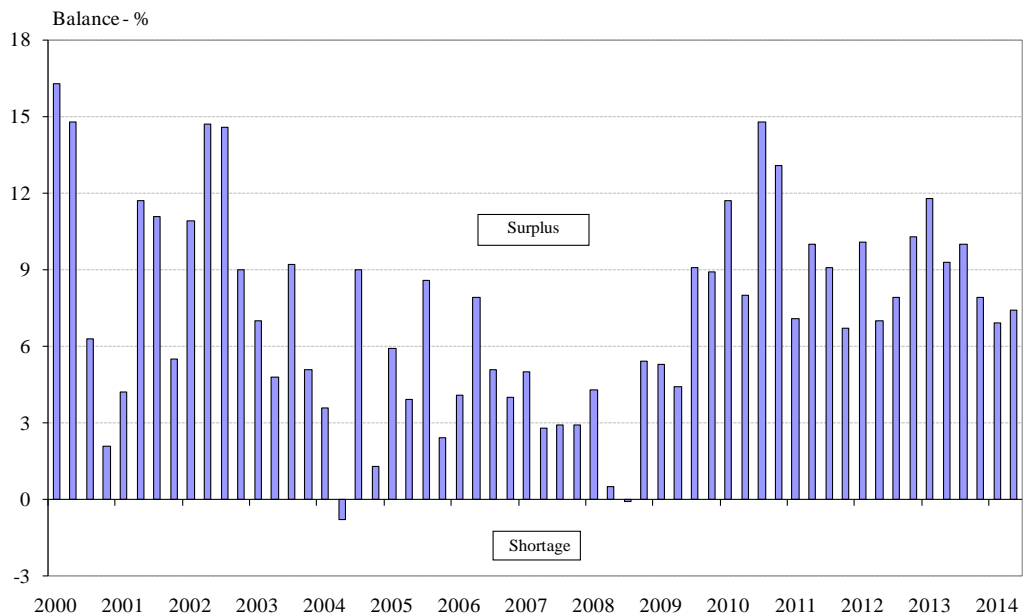


Figure 4. Current production capacity in industry with regard to the expected demand over the next months





**Figure 5. Limits to production in industry
(Relative share of enterprises)**

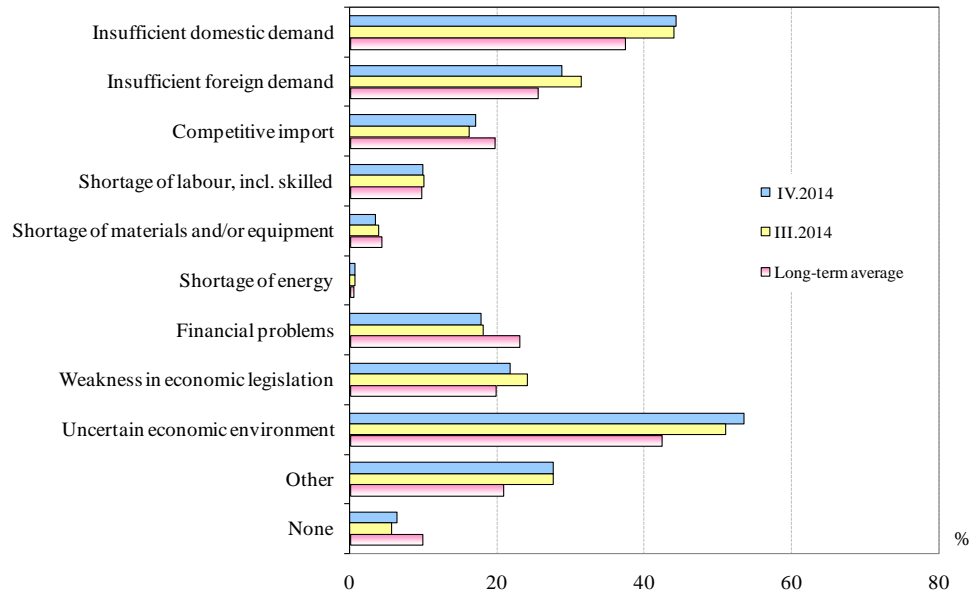


Figure 6. Business climate in construction

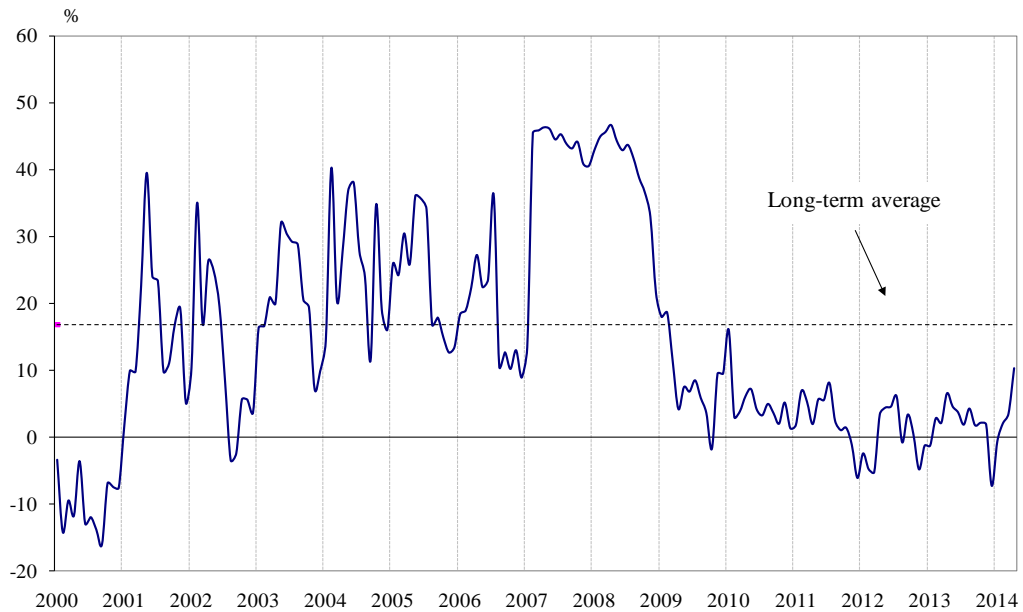




Figure 7. Expected business situation in construction over the next 6 months

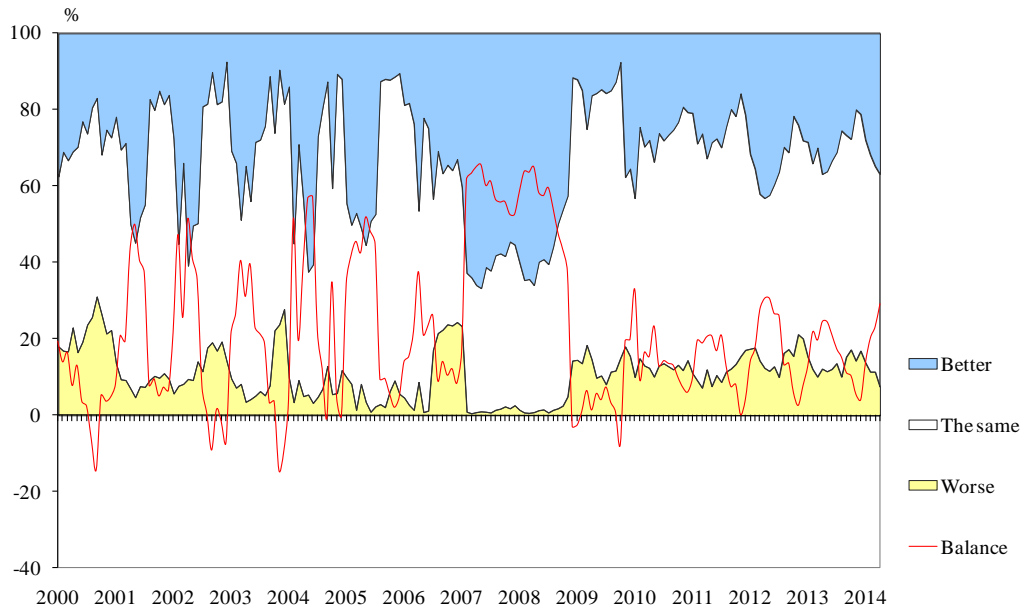
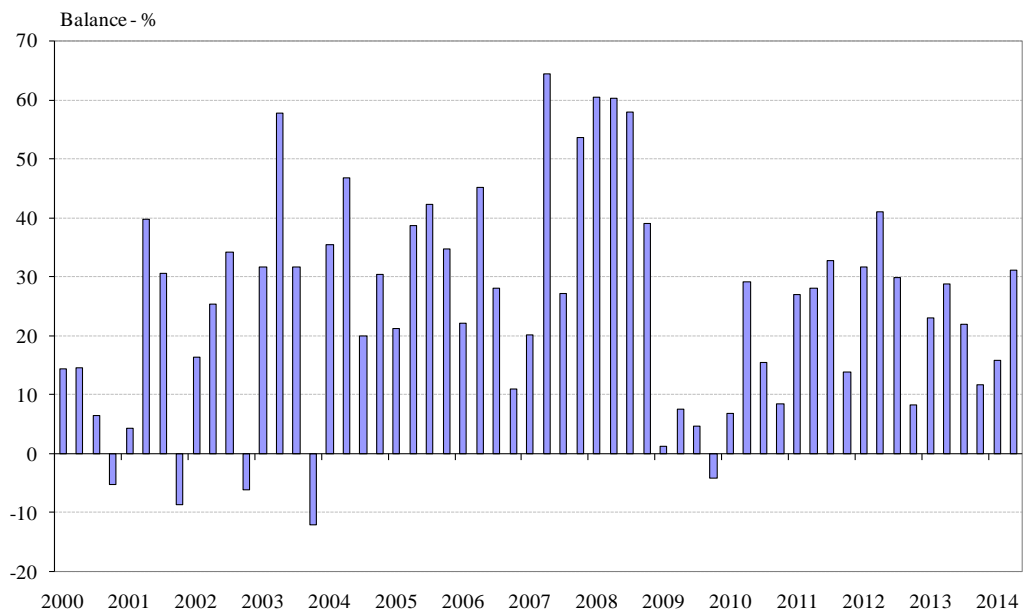
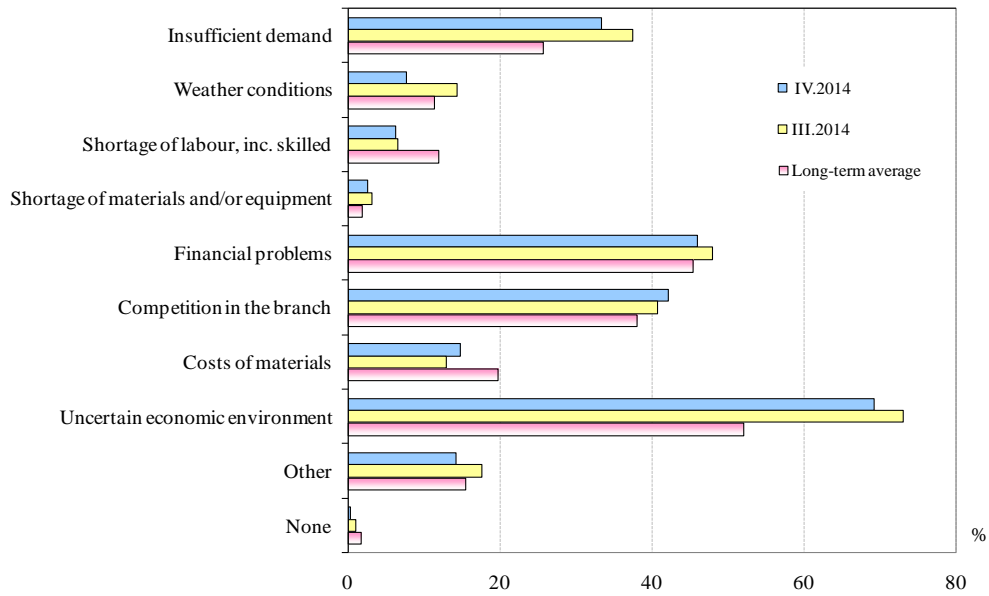


Figure 8. New orders expectations in construction over the next 6 months





**Figure 9. Limits to construction activity
(Relative share of enterprises)**



**Figure 10. Selling prices expectations in construction
over the next 3 months**

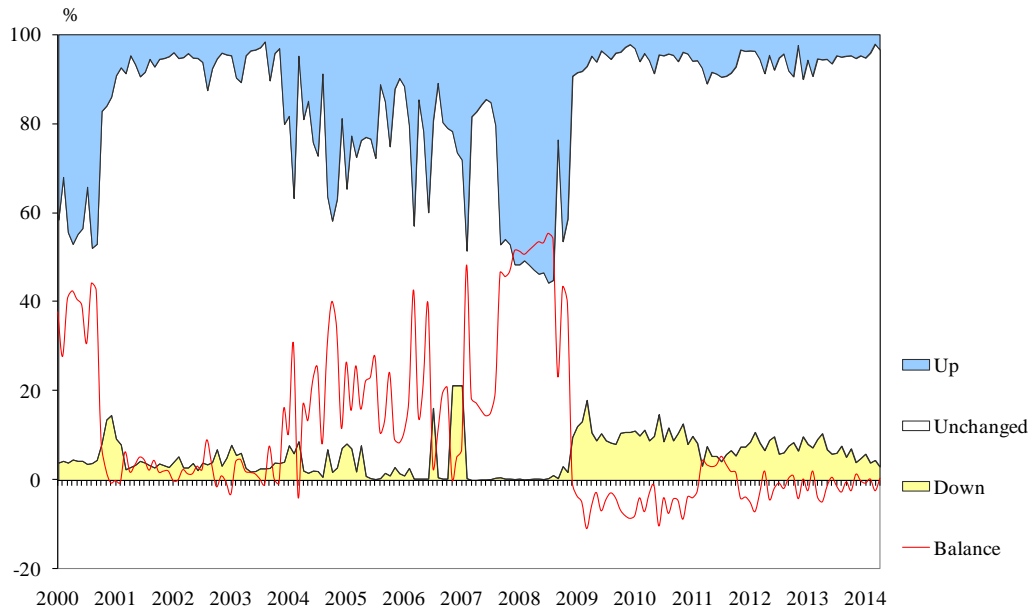




Figure 11. Business climate in retail trade

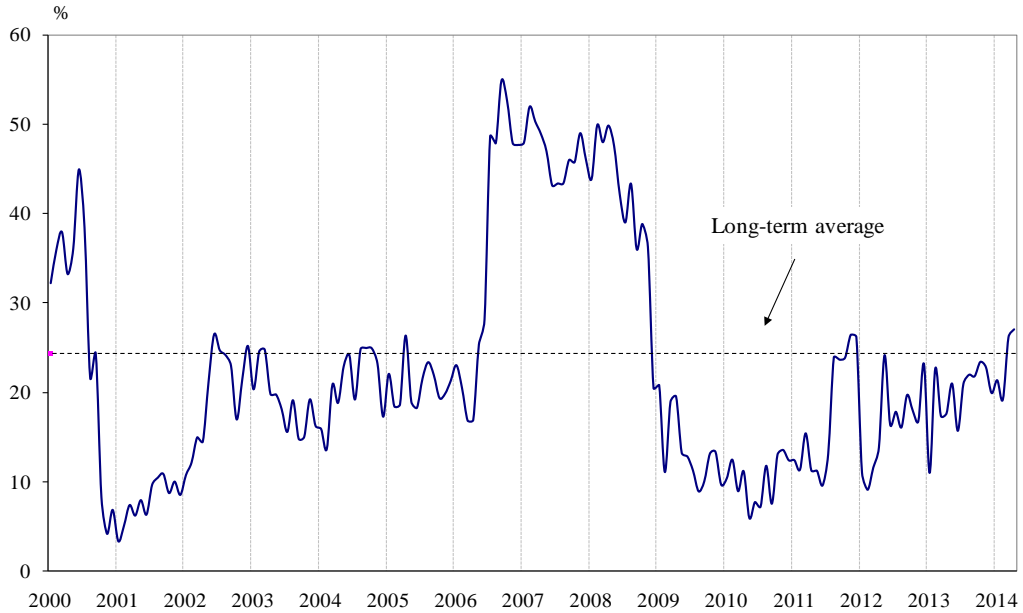


Figure 12. Factors limiting the improvement of the business situation in retail trade (Relative share of enterprises)

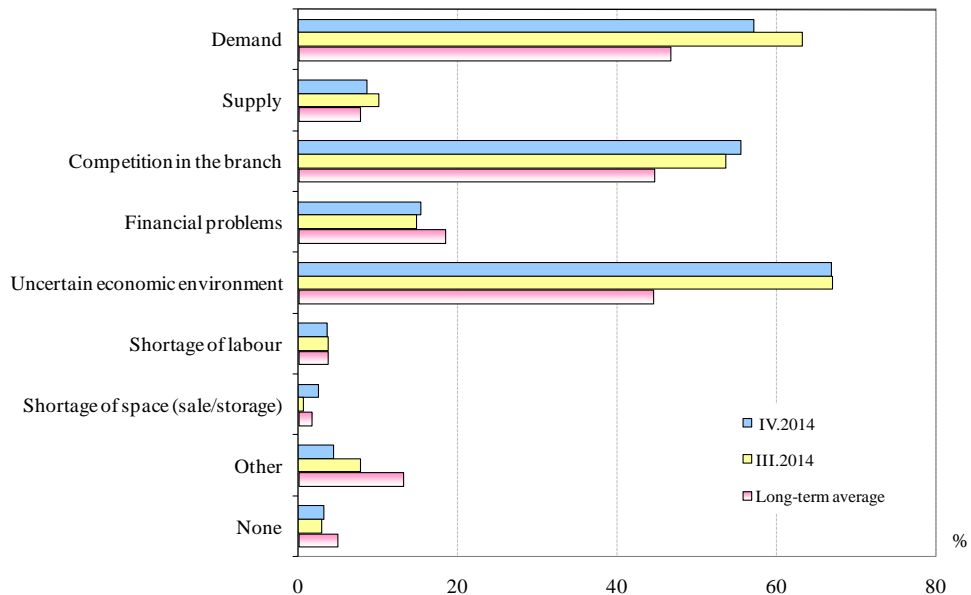




Figure 13. Selling prices expectations in retail trade over the next 3 months

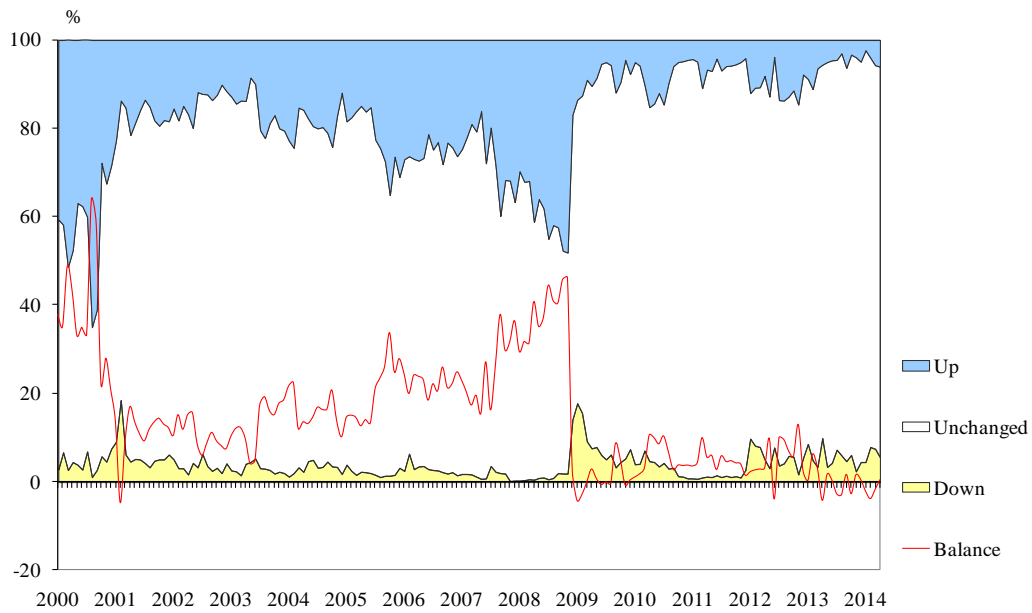
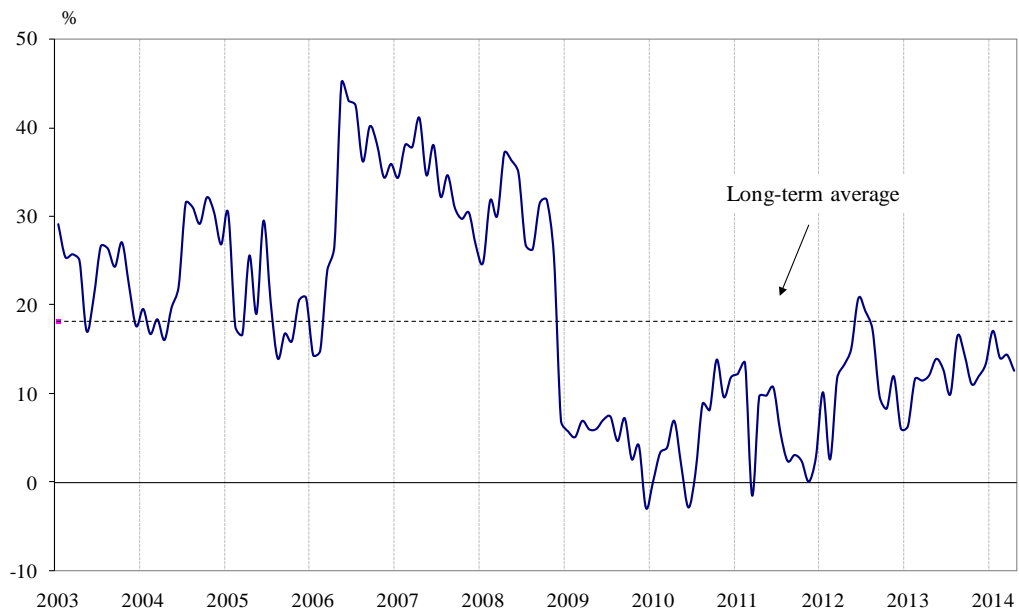
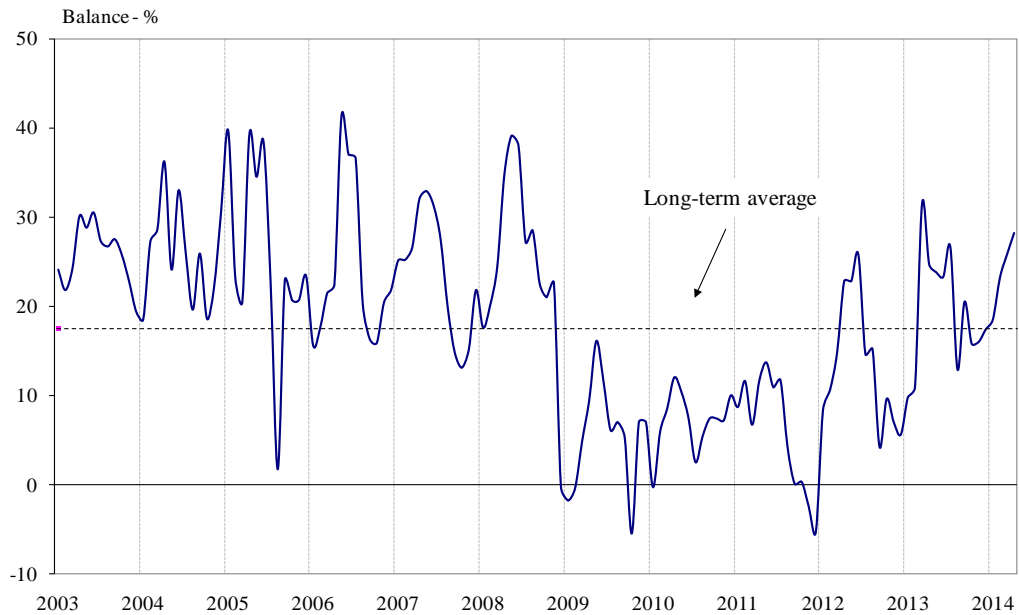


Figure 14. Business climate in service sector

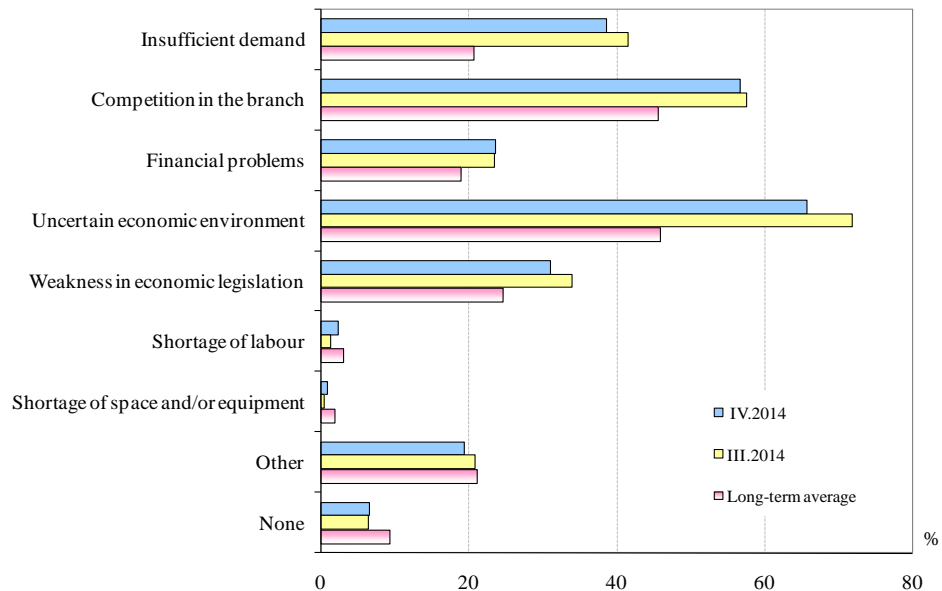




**Figure 15. Expected demand in service sector
over the next 3 months**



**Figure 16. Factors limiting the activity in service sector
(Relative share of enterprises)**





**Figure 17. Selling prices expectations in service sector
over the next 3 months**

